



# PRESS RELEASE

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Media Contact:  
Name: Media Contact:  
David Barr  
Phone: (202) 898-6992  
Email: dbarr@fdic.gov

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## **FDIC Releases Study on Minority Depository Institutions Study Among Topics of Upcoming Advisory Committee on Community Banking Meeting**

FOR IMMEDIATE RELEASE

The Federal Deposit Insurance Corporation (FDIC) today released a study on the structure, performance and social impact of Minority Depository Institutions (MDIs). The study describes MDIs and FDIC-insured community development financial institutions (CDFIs) and where these institutions are located. The remainder of the study is primarily focused on MDIs, exploring how this segment of the financial services industry has changed over time, how MDIs have performed financially, and the extent to which MDIs have achieved their mission in serving the needs of their communities.

In relation to the 6,730 FDIC-insured financial institutions, the number of MDIs and insured institutions that are certified as CDFI banks is quite small. Only 2.6 percent of insured institutions are currently designated as MDIs, while 1.1 percent of insured institutions are certified as CDFIs (in addition to the CDFIs that are not federally insured depository institutions). MDIs carry a number of different minority designations, with half of MDIs designated as Asian or Pacific Islander American, followed by MDIs that are Hispanic American, African American and Native American.

While the report notes that MDIs underperform non-MDI institutions in terms of standard industry measures of financial performance, it concludes that these organizations often promote the economic viability of minority and underserved communities, that is, populations that are underserved by mainstream financial institutions. The study found that MDIs have much to show for their efforts in reaching these populations. Compared



Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. It promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars — insured financial institutions fund its operations.

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with community banks, the markets served by MDI offices include a higher share of population living in low- or moderate-income (LMI) census tracts, as well as a higher share of minority populations. In addition, among institutions that reported data under the Home Mortgage Disclosure Act (HMDA), MDIs originated a larger share of their mortgages to borrowers who live in LMI census tracts and to minority borrowers than did non-MDI community banks. These findings demonstrate the essential role MDIs play in their local communities and their high level of commitment to the populations they serve.

FDIC Chairman Martin Gruenberg said, "MDI and CDFI banks have a valuable mission within the U.S. banking system by providing responsible banking services to those who might not otherwise have access to a bank. They also serve some of the most challenging markets in the country. This study is an important contribution to understanding the role that they play in our financial system and in our communities."

The MDI study furthers the research work that the FDIC has conducted as part of its Community Banking Initiative (CBI). The FDIC launched the CBI in the fall of 2011 to focus on understanding the evolution of community banks over the past 25 years and the challenges and opportunities this segment of the banking industry faces. The study, *Minority Depository Institutions: Structure, Performance and Social Impact*, will be published in the next edition of the FDIC Quarterly.

A discussion of the study will be on the agenda of the next Advisory Committee on Community Banking on Wednesday, July 23rd. Other topics for the meeting include recent supervisory guidance issued by the FDIC, a review of the Economic Growth and Regulatory Paperwork Reduction Act (EGRPRA) process, and a discussion about guidance on commercial real estate concentration.

Established in May 2009, the Advisory Committee on Community Banking discusses and provides input to the FDIC on a wide variety of topics, including current examination policies and procedures, credit and lending practices, deposit insurance assessments, insurance coverage and regulatory compliance.

The meeting is open to the public. A webcast of the meeting will be available on the FDIC's Web site.

Attachment: *Minority Depository Institutions: Structure, Performance and Social Impact* - PDF (PDF Help)

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